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RESEARCH & INSIGHTS

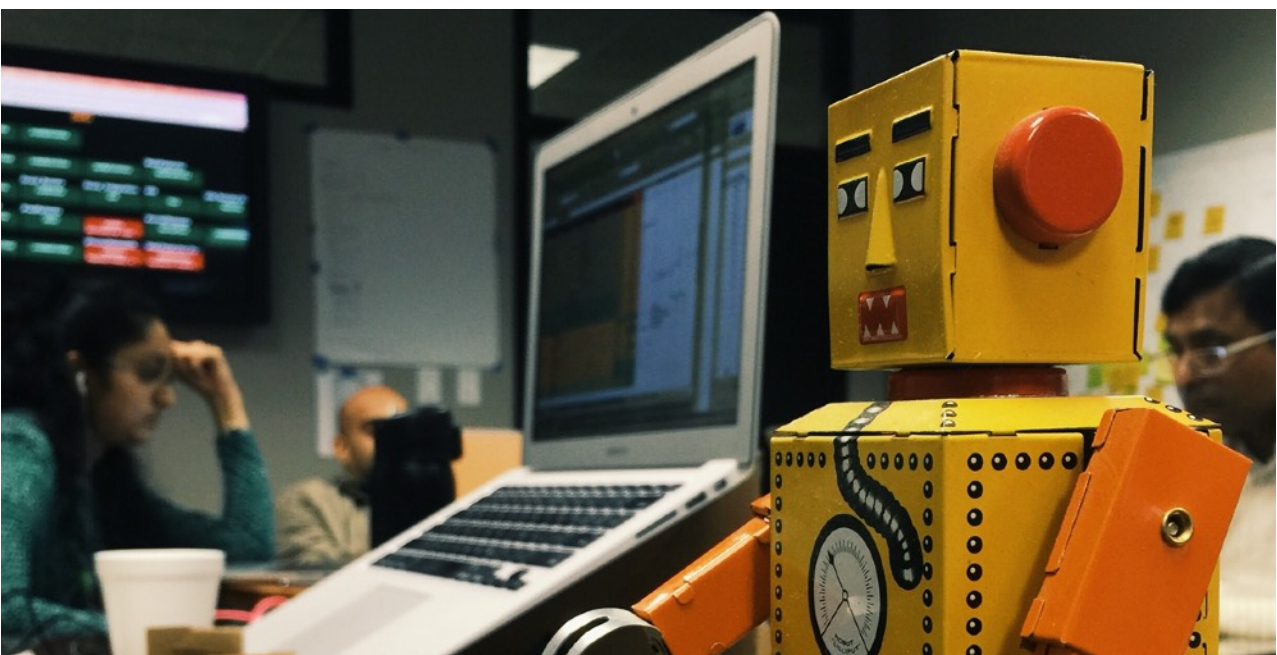
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Business Insights: Work is Changing – Are You Ready For It?

Global optimism is on the upwards trend nearly a year after the first lockdowns as many economies begin their vaccine rollouts. However, it can't be ignored that Covid-19 was not just a global health crisis, it was a major employment disrupter.

The way we all worked in 2019 will not be the way we work tomorrow and beyond. 2020 was the year of change by sheer necessity. No one had a choice. Either you adapted or you got left behind. The pandemic will recede but the changes in both consumer and company behaviour will continue especially in:

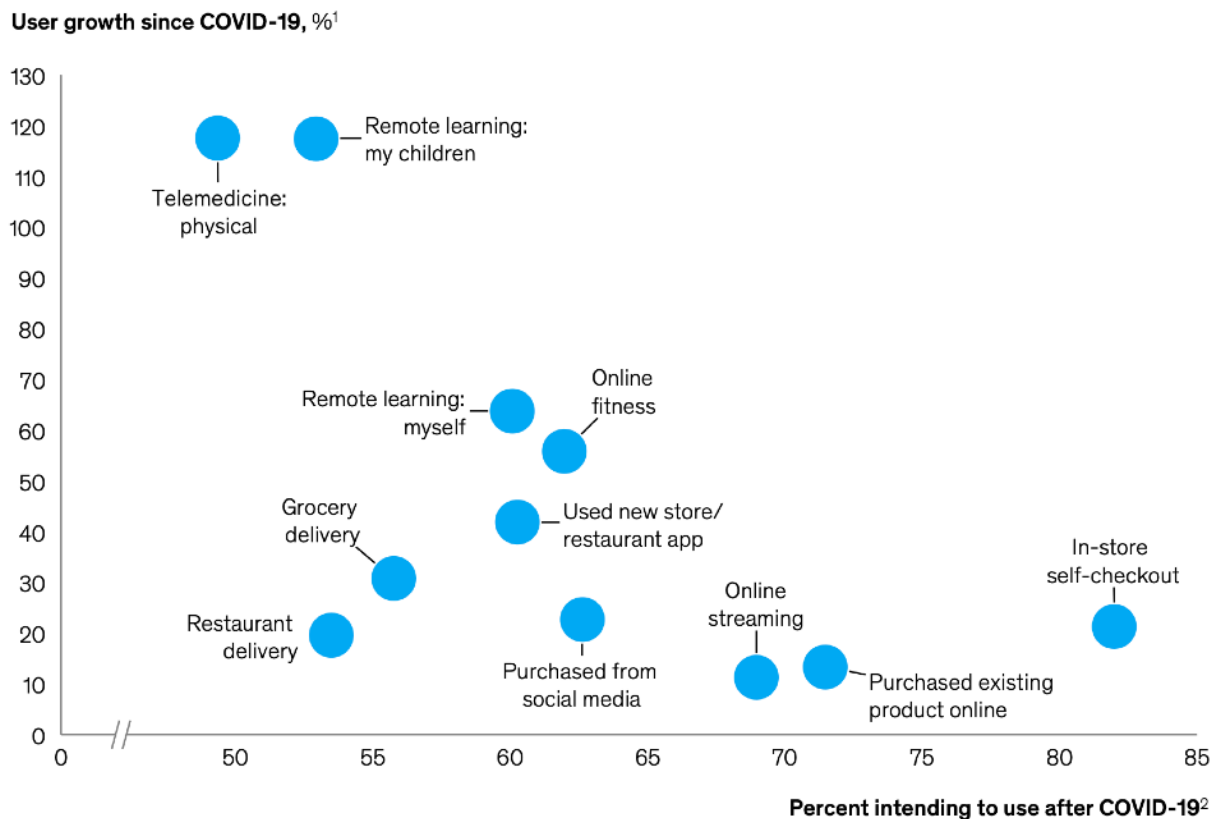
1. Increased remote work and virtual interactions
2. Confidence in e-commerce and other digital platforms
3. Acceptance of automation and AI



Increased remote work and virtual interactions

Remote working has existed for some time now, but nowhere near the scale that we've seen in the last 12 months. We have seen some jobs function nearly seamlessly remotely and those jobs though can be done remotely, losing their effectiveness.

Increase in use of consumer digital channels since COVID-19 began in China, France, Germany, India, Japan, Spain, United Kingdom, and United States, Sept–Nov 2020



Source: McKinsey Global Institute 2021

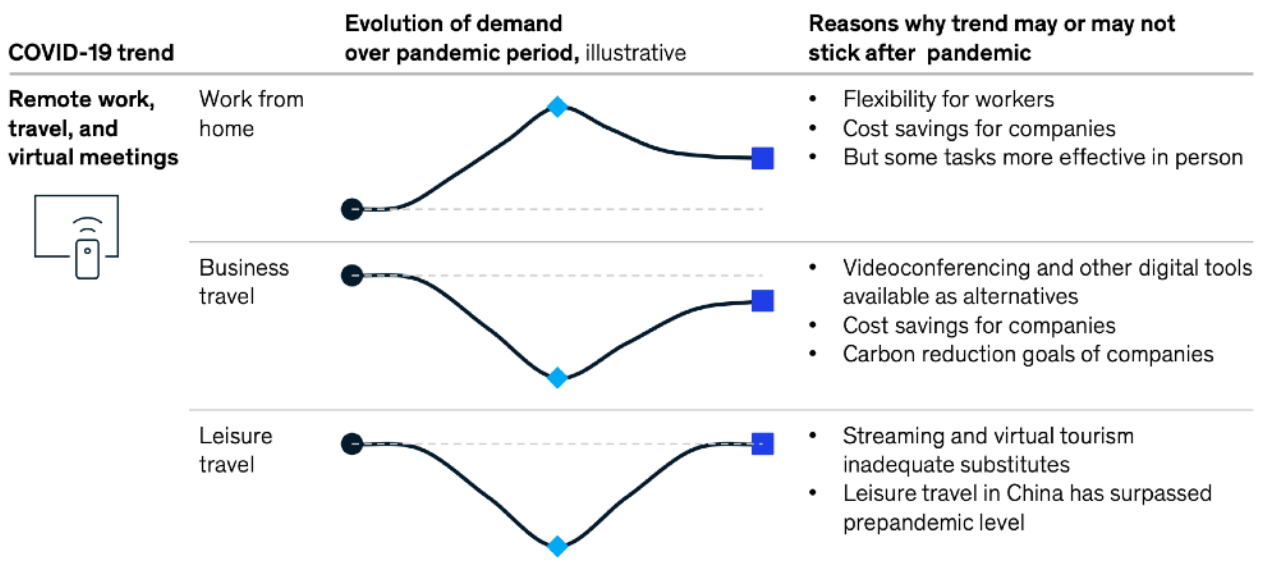
Work from home essentially doubled overnight from pre-pandemic levels during mid-pandemic and whilst there is a major shift away from large metropolitan cities and many companies are downsizing to smaller workspaces, this is not the end of the office. Remote work peaked during the pandemic and is expected to remain more widely adopted than pre-pandemic levels, but not quite at the mid-pandemic peak. Drivers of this trend include more providing more flexibility for employees and costs savings for companies as they reduce their footprint.

Business travel along with all international travel came to a halt with closed borders and grounded aircraft. Video conferencing and other digital tools became the cornerstone of the business and whilst business travel is unlikely to return to pre-pandemic levels, it will continue again as negotiations, critical business decisions, brainstorming sessions and providing sensitive feedback is less effective in a virtual setting.

After months of socially distanced weddings and video birthday parties, the world is

Illustrative

● Before pandemic ◆ During pandemic ■ After pandemic



Source: McKinsey Global Institute 2021

ready to travel again. Leisure travel will rebound especially as people gain confidence from the vaccine rollout and try to reconnect with friends and family.

Confidence in eCommerce and other digital platforms

Quick. Easy. Convenient. In 2021, that is what consumers demand.

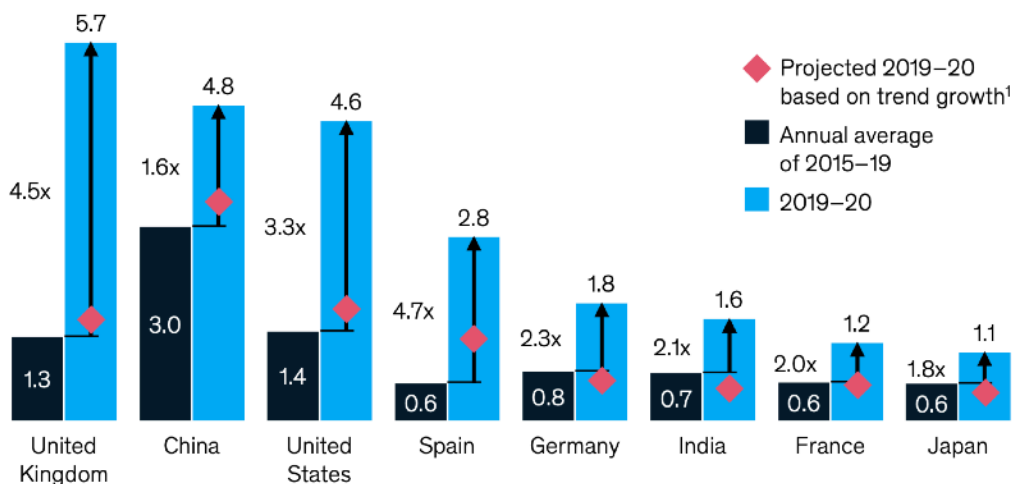
According to Shopify, at the height of the pandemic, the USA experienced 10 years' worth of eCommerce growth in just 90 days. eCommerce reached an all-time high of 16.4% of total global retail sales. Everyone is contributing to the eCommerce boom, not just Gen Z and millennials. Older shoppers have also moved online and are driving this upwards trend.

According to Mckinsey Global Institute, in 2020, the share of eCommerce in retail sales grew at two to five times the rate before COVID-19 as consumers changed their behaviours at a pace that saw many retailers struggle to keep up with. In-person services providers were forced to learn how to provide virtual transactions and we witnessed the tremendous growth of essential services that were typically dependent on being physically present such as telemedicine and online banking.

Growth has not been equal across sectors. Whilst the growth of eCommerce created the need for more jobs in warehousing and transportation, many retailers closed brick and mortar stores to match their growth in online sales. Unfortunately, the new logistics jobs were not enough to offset the many food services, customer sales and service roles that were lost in the shift.

Year-over-year growth of e-commerce as share of total retail sales

Percentage points



2020 e-commerce sales as percentage of total retail sales

24 27 20 9 14 7 9 10

Source: McKinsey Global Institute 2021

The deployment of automation and AI

If we consider what we know from past global events that led to recessions is that companies have always used those downturns to make operational changes and redesign processes with the end goal of reducing costs and streamlining operations.

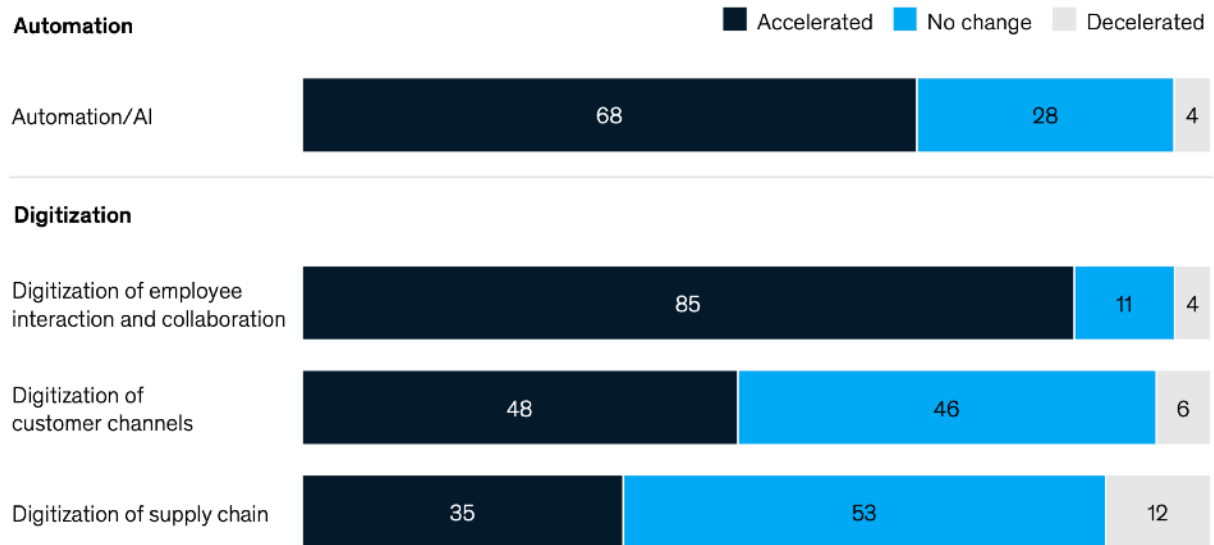
A recent survey by Mckinsey & Co. shows that 2 of 3 executives expect to increase investment in automation and AI to increase scalable capability and reduce workplace density. During the pandemic, the rapid increase of automation allowed warehouse and logistics companies to cater to higher volumes of e-commerce, or in manufacturing plants to increase the production of items that saw demand spikes, such as food and beverage, masks and other personal protective equipment. The ability to deploy such automation allowed companies to operate efficiently with reduced headcount and conform to social distancing regulations.

“Robots don’t get sick.”

A bold statement repeated by several economists rings very true. Robot’s don’t get sick, nor do they need to isolate themselves to protect their colleagues. During the pandemic, it was mainly low-wage jobs that were quickest to be automated. Mckinsey & Co in their recent study found that across their eight focus countries, 107 million workers, or 1 in 16, will need to find a different occupation by 2030 in our post-COVID-19 scenario. This is 12 per cent more across countries than we estimated before the pandemic, and as much as 25 per cent more in advanced economies. Even before the pandemic, the world was seeing a shift towards more high-wage occupations and declining low-wage occupations, but now Covid-19 has altered their trajectories for decades to come.

Since the start of the COVID-19 outbreak, how has your company's or business area's adoption of the following technology trends changed?

% of respondents (n=800)¹



Source: McKinsey Global Institute 2021

So now as the health crisis is largely being managed by governments, we can start to tackle the longer-lasting crisis of labour and employment.

As the world trends towards increased high-wage occupations and decreasing low-wage occupations, we need to prepare ourselves to make a long-term shift. We need to be prepared to continue to work harmoniously in a hybrid world of both physical and remote work. We need to understand that we as consumers have changed our behaviours, therefore companies are changing to meet our demands and as we continue to use digital transaction platforms, so will the industry grow. Rather than seeing robots as threats to manual labour and entry-level positions, we need to think about how technology can augment and even improve our current jobs.

50% of all employees will need reskilling by 2025, as the adoption of technology increases, according to the World Economic Forum's (WEF) Future of Jobs Report. The top 10 job skills of tomorrow as identified by WEF are:

1. Analytical thinking and innovation
2. Active learning and learning strategies
3. Complex problem-solving
4. Critical thinking and analysis
5. Creativity, originality and initiative
6. Leadership and social influence
7. Technology use, monitoring and control
8. Technology design and programming
9. Resilience, stress tolerance and flexibility
10. Reasoning, problem solving and ideation

Those skills, coupled with virtual environments, increased usage of digital platforms and growing confidence in robotics will allow us to be better prepared for the future of work.

ABOUT THE AUTHOR



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Aindrea is a Business Intelligence and Talent Management Specialist at Logistics Executive Group in the Middle East. With a degree in Economics from S P Jain School of Global Management in Australia she is experienced in project management related to feasibility studies, M&A business intelligence, supply chain restructuring, initial project viability reports working across reputed government investment organisations, private enterprises, international MNC and major global logistics providers. She is a highly-qualified professional with experience and solid market knowledge in corporate advisory related projects pertaining to the Middle East having been based in Dubai for 5 years.

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